Poverty Costs Saskatchewan: A New Approach to Prosperity for All

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Authors: Charles Plante and Keisha Sharp
Poverty Costs Saskatchewan:
A New Approach to Prosperity for All

By Charles Plante and Keisha Sharp

This report was produced as part of the Poverty Costs campaign, an initiative involving several community-based organizations including representatives from the Saskatoon Food Bank & Learning Centre (www.saskatoonfoodbank.org), the Saskatoon Anti-Poverty Coalition, Upstream (http://www.thinkupstream.net), and Unite Digital Marketing Co-op (www.unitecoop.com), as well as representatives from the Saskatoon Health Region (https://www.saskatoonhealthregion.ca) and the Saskatoon Poverty Reduction Partnership (http://www.saskatoonpoverty2possibility.ca).

Poverty Costs is a campaign to raise awareness about the economic cost of Poverty in Saskatchewan, recently calculated to be $3.8 billion each year in heightened service use and missed economic opportunities, and to mobilize the Saskatchewan community to call for a comprehensive poverty reduction plan. The campaign was developed as an initiative of a working group of the Saskatoon Poverty Reduction Partnership.

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www.povertycosts.ca
# Table of Contents

Executive Summary: Key Facts About Poverty in Saskatchewan 6

Introduction
   The Poverty Costs campaign 9
   Overview of the cost of poverty in Saskatchewan 10

A picture of poverty in Saskatchewan 11
   Poverty reduction solutions 12
   Report overview 13

The Poverty Costs Campaign 14
   Campaign messages and actions 14
   Campaign origins 14
   “Nothing About Us Without Us” 15
   Insert: Our values 14

Poverty in Saskatchewan 18
   What is poverty? 18
   How do we measure poverty? 18
   Recent poverty trends in Saskatchewan 21
   Poverty is hard on people’s health 23
   Poverty affects us unequally 23
   Growth alone is not enough 25
   Insert: The market basket measure 29

The Costs of Poverty 30
   The Nathan Laurie approach 30
   Limitations of the approach 33
   Toward cost/benefit, evidence based social policy 34

Comprehensive Poverty Reduction Plans 36
   Essential elements of a poverty reduction strategy 36
   Comprehensive poverty reduction strategies throughout Canada 37
   A toolkit for comprehensive poverty reduction in Saskatchewan 39

Next Steps 40

Appendices 41
   Appendix A: Stories of poverty 41
   Appendix B: Erring on the side of lower cost estimates 43
   Appendix C: Equations 44

Endnotes 46

References 50
About the Authors

Charles Plante

Charles (Chuk) Plante is a founding member of the Upstream team and currently serves as the organization's Policy Director. He holds an MA in sociology with a specialization in social statistics from McGill University, where he continues to study as a PhD candidate in sociology. Over the years, Chuk has played a supporting and leading role in numerous research projects covering diverse policy topics in rich and poor countries.

Keisha Sharp

Keisha Sharp is Upstream’s Think Tank Coordinator. She is currently completing her Master of Public Health at the University of Saskatchewan. Throughout her education, Keisha has served as a health promotion researcher and coordinator, and is a devoted volunteer with a number of organizations that focus on physical activity and youth recreation.

Formatting by Fred Reibin.

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As Chief Medical Health Officer for the Saskatoon Health Region, and faculty member at the University of Saskatchewan, I would like to thank the Upstream and the Poverty Costs team for this latest contribution to the building evidence base calling for the reduction of poverty in the province of Saskatchewan. Over the years, I have been privileged to collaborate with many community groups, researchers, health and human services workers and government agencies as they have worked with community members to reduce poverty and its effects on our health. This report summarizes what has been learned and where we have made progress to date in our province, as well as what remains to be done. It also adds important new information, using sound methodology to articulate the ongoing costs of poverty to all of us. In short, it shows that we can’t afford the status quo. Poverty reduction is not only a moral imperative, it makes economic sense.

In the midst of unprecedented growth and prosperity in Saskatchewan, there are those who are being left behind. The causes of poverty are complex and diverse, defying simplistic stereotypes and victim-blaming. Hearing the many stories of those living in poverty, people are coming to the realization that these stories could be our story given the right circumstances. But living on the prairies has taught us that we need to work together and innovate for our communities to thrive. We have shared values of tolerance and fairness, and helping our neighbor in times of need. Saskatchewan has a reputation in Canada as a leader in health and social policy development. As this report articulates, we have made progress in reducing poverty through the adoption of certain policies and through economic gains, but the costs are still too high. We remain one of two provinces that have yet to articulate a comprehensive poverty reduction plan. However, we have the opportunity to learn from the successes and challenges of other provinces and customize an effective Saskatchewan plan that will be emulated by others, drawing together the many positive initiatives we have already begun with those programs and policies we decide to adopt to fill in the gaps and monitor our progress.

We know the scope of the problem, we have the evidence of effective actions, the people of this province are supportive of investing in our future. The time has come to take the initiative and make Saskatchewan the best place to live, work and play in this country.

Dr. Cory Neudorf
Assistant Professor, University of Saskatchewan, College of Medicine
Chief Medical Health Officer, Saskatoon Health Region
Executive Summary:

The costs of poverty go beyond the dollars and cents spent on maintaining Canada’s social safety net - the lost opportunity costs and the consequences of growing inequality among our province’s residents impact all of us.

We know it and we want to do something to change it. When surveyed, an overwhelming 89% of Saskatoon residents supported provincial plans to reduce poverty and 90% supported provincial plans to specifically reduce child poverty. Now is the time for action on poverty reduction, and for a plan that will benefit everyone who calls this province home.

Here are seven simple facts about poverty in our community, and how reducing it helps us all.

1) Poverty costs us all.

The cost of poverty in Saskatchewan in 2010 was $3.8 billion in heightened service use and missed opportunities.

Poverty makes it much harder for people to take advantage of opportunities such as education, employment, cultural and community activities and other aspects of civic life, leading to extremely detrimental consequences for individuals, families and communities. The cost of these missed opportunities is more than $2 billion per year in missing contributions to GDP and taxes. These costs alone make up for more than two thirds of the overall province-wide cost of poverty.

In addition, poverty costs Saskatchewan $420 million a year in heightened health care service usage. Poverty also causes us to spend between $50 and $120 million a year more than we otherwise would spend on our criminal justice system.

2) In spite of a growing economy, poverty has not gone away.

Poverty exists in Saskatchewan today, and is a serious problem. There were 99,000 people in Saskatchewan living in poverty in 2010 - that’s 10.1% of our population who lacked the income needed to afford basic necessities.

Many of those in poverty are working full- or part-time but are not able to earn enough to meet their family’s needs. In fact, working families with children made up more than a quarter of all people living in poverty. For a parent working full-time, minimum wage pays just over $20,000 per year - that’s almost $15,000 below the poverty line for a family of four.
3) Poverty affects us unequally.

Some of Saskatchewan’s populations—including women, children, newcomers, Indigenous, rural and people living with disabilities—are at a greater risk for living in poverty, and face systemic barriers that impede their efforts to rise above the poverty line. The poverty rate of female-headed households in Saskatchewan in 2010 was 16.8, 6.7 points higher than the province’s overall poverty rate. Single mothers were particularly vulnerable, with poverty rates of 36.8%. In 2010, 11.7% of children in Saskatchewan lived in poverty. People with disabilities face 53% higher unemployment rates than people without disabilities. Working age people with disabilities confronted a poverty rate of 20.9% in 2006.

In addition, poverty affects urban and rural communities differently. According to the 2006 census, some Northern Saskatchewan towns are considered to be amongst the poorest in the country. The most poverty stricken rural communities in Saskatchewan report poverty levels approaching and surpassing 50%.

4) Poverty is hard on people’s health.

People living in poverty are much more likely to suffer ill health than those whose basic needs are met. For instance, in Saskatoon in 2001, people living in poverty were significantly more likely to suffer from diabetes, heart disease, injury and/or poisoning, chronic obstructive pulmonary disease and mental health concerns than those with incomes that met their basic needs.

Health disparities due to poverty are a direct result of substandard living conditions, inadequate access to nutritional food, and increased stress associated with making ends meet. For example, individuals living in housing with mould are 60% more likely to have asthma and 90% more likely to have bronchitis than those in adequate housing.

Furthermore, the stresses of living in poverty are great. In Saskatoon, low-income adults were 4.5 times more likely to experience suicidal thoughts and 15.5 times more likely to attempt suicide.

5) Poverty is getting harder and harder to escape.

In Saskatchewan, costs of living are rising but wages and salaries are not necessarily keeping pace. It is becoming more and more expensive to live above the poverty line. In 2012, Saskatchewan had the second highest inflation rate in the country and yet still had the second lowest minimum wage. In 2002, the average poor household in Saskatchewan reported incomes 26.9% below the poverty threshold, while this number rose to 37.6% in 2010.

Current social assistance rates are not doing enough for the most vulnerable. These shortcomings are reflected in recent increases in long-term poverty in Saskatchewan. Between 2002 and 2007, 1.7% of people who experienced poverty in our province passed all six of those years in poverty. Between 2005 and 2010, this proportion had increased to 2.4%. Similarly, Statistics Canada’s immobility measure of poverty, or the share of the poor that remain in poverty from year to year, has increased from 56.2% in 2002/2003 to 61.2% in 2009/2010.
6) The public supports action on poverty.

In May 2013, the Saskatoon Health Region teamed up with the University of Saskatchewan and their Social Sciences Research Laboratory to compare Saskatoon residents’ attitudes and understanding of the social determinants of health to a similar study completed in 2006. The great news is, overall, there is increased public understanding about the social determinants of health and support for addressing the underlying causes of poor health is growing.

To summarize, 80% of Saskatoon residents understand that income is the most important underlying factor contributing to health outcomes. This is a significant difference from the 2006 poll in which 98% of respondents believed that nutrition was the most important factor contributing to health outcomes. In addition, 94% support reducing poverty, with 89% supporting a provincial approach to poverty reduction in Saskatchewan.

7) We can reduce poverty in Saskatchewan.

The evidence shows that working to reduce poverty in the first place costs less than paying to respond to the effects of poverty later. Right now, Saskatchewan is one of only two provinces in all of Canada without a comprehensive poverty reduction plan. Other Canadian provinces have demonstrated that by developing a comprehensive provincial poverty reduction plan with clear targets and timelines, we can focus our efforts on reducing all the costs of poverty and ensure we are using our resources as effectively as possible.

Let’s join the other Canadian provinces in taking upstream action to proactively identify and tackle the root causes of poverty to prevent its costly symptoms.
Introduction

Poverty Costs Campaign:

This report has been developed as part of the Poverty Costs campaign, which is designed to raise awareness about the costs of poverty in Saskatchewan and encourage the implementation of a comprehensive poverty reduction strategy for the province.

The campaign team included dedicated team members from the Saskatoon Food Bank & Learning Centre, Saskatoon Anti-Poverty Coalition, the Saskatoon Anti-Poverty Coalition, the Saskatoon Health Region, Upstream: Institute for a Healthy Society, and Unite Digital Marketing Cooperative.

Saskatchewan has a long legacy of strong, hard-working communities, and we are rightfully proud of our generosity and economic success. The fact remains, though, 100,000 people in Saskatchewan continue to live in poverty and this costs us $3.8 billion annually.

The evidence shows that paying to respond to the effects of poverty costs more than working to reduce it in the first place. Other provinces have demonstrated that by developing a comprehensive provincial poverty reduction plan with clear targets and timelines, we can drastically reduce the costs of poverty and ensure we are using our resources as effectively as possible. Let’s join the majority of Canadian provinces in proactively identifying and addressing the root causes of poverty so that we can prevent its costly symptoms.

Poverty Costs firmly believes that by working together, Saskatchewan can make a better plan.

The evidence shows that paying to respond to the effects of poverty costs more than working to reduce it in the first place.
Overview of the Cost of Poverty in Saskatchewan:

Poverty is costing Saskatchewan $3.8 billion in heightened service use and missed opportunities. The costs associated with treating the symptoms of poverty amount to over $1 billion a year in increased use of health services, expenses in the criminal justice system and social assistance payments.

The costs of poverty go well beyond the dollars and cents spent providing a modicum of social security for people that have fallen through the cracks. Those living in poverty face significant barriers, preventing them from taking advantage of opportunities people not living in poverty often take for granted. These are opportunities like seeking an education, gainful employment, and participating in civic life. Over time, these missed opportunities contribute to vicious cycles that affect people living in poverty for years to come. Immediate missed opportunities cost our province more than $2.5 billion a year in missing contributions to GDP and taxes. Long-term intergenerational missed opportunities cost us upwards of $200 million a year.

All too often poverty prevention and alleviation efforts are presented as all cost and no benefit. By better understanding the costs of poverty in our province we are able to make informed decisions about how much money and resources we should invest in acting to prevent and alleviate it.

Those living in poverty face significant barriers, preventing them from taking advantage of opportunities people not living in poverty often take for granted.
A Picture of Poverty in Saskatchewan

Borrowing from the wording of United Nations World Summit on Social Development, the Poverty Costs campaign chooses to focus on the ways that poverty makes livelihoods unsustainable. Poverty is fundamentally different from inequality—it is not simply having less than others. Poverty is not having enough to keep up. It is having so little that one ends up with less, because one had so little in the first place. Ultimately, living in poverty means being caught in a vicious cycle of misfortune.

The cycles that characterize poverty are costly to those living in poverty, and they are costly to society as a whole. Poverty degrades people, physically and mentally. Experts at the Saskatoon Health Region have documented extensively the negative effects of poverty on people’s health right here in Saskatchewan. Income is the single greatest determinant of people’s health and well-being in our communities.

Poor health prevents people from contributing as much as they otherwise would to our communities and our economy.

Poverty begets poverty. By its very nature, poverty makes it difficult for people living in it to rise out of it. As a result, reducing poverty in our province demands solutions that involve more than just efforts from those who experience poverty. Poverty reduction requires systemic solutions that engage economic and community assets in our province to address the root causes of poverty.

Our strong economy has helped lift many thousands of people out of poverty, but over 10% of our province remains in poverty. Poverty has been falling in Saskatchewan over the past ten years but, in recent years, these gains have begun to taper off. As the economy booms, so do prices, making it ever more costly for those living in poverty to escape. Some populations—including women, children, newcomers, Indigenous, rural and people living with disabilities—face systemic barriers that impede their efforts to rise above the poverty line. In 2002, the average poor household in Saskatchewan reported incomes 26.9% below the poverty threshold, but this number rose to 37.6% in 2010.

As we look ahead to the year 2020, the Government of Saskatchewan has identified the need to continue expanding our labour force as a major priority: “Saskatchewan requires a multi-pronged and activist strategy to address the province’s human resource challenge.” Poverty reduction can be a part of that strategy. Effective poverty reduction supports those in poverty, and those at risk of poverty, so they are able to take full advantage of economic opportunities and participate in the labour force, therefore enhancing our economy as a whole.

Investing in poverty reduction is investing in our individual and collective prosperity. It is in our interest to build on our successes in order to make Saskatchewan’s poverty reduction efforts among the most effective in Canada, and in the world.
Poverty Reduction Solutions:

There is no silver bullet in the fight against poverty. Missed opportunities and increased reliance on social services are the two primary symptoms of poverty, but there are many more causes of poverty. Sherri Torjman of the Caledon Institute has detailed no less than 10 areas in which a robust poverty reduction strategy can produce results.\(^{27}\)

Different people fall into poverty for different reasons. Some people are born into poverty and are never provided with the tools they need to escape. Others fall victim to unexpected crises and simply lack access to supports when they need them most. Those lacking education or skill sets and those coping with limited physical, emotional, or cognitive supports are the most vulnerable. Because of these complexities, a comprehensive approach to poverty reduction must be designed to respond to the complex causes of poverty.

The complex nature of poverty in Saskatchewan should not dissuade poverty reduction efforts, as concerted action focusing on both prevention and alleviation achieves results. Over the past ten years, Canadian provinces have identified the enactment of comprehensive poverty reduction plans as a crucial first step in reducing poverty among their citizens. Today, all provinces in Canada except Saskatchewan and British Columbia have committed to or have already implemented comprehensive poverty reduction strategies.

In fact, the nation’s earliest adopters have already begun to report progress. The evidence indicates that the most successful comprehensive poverty reduction strategies are those that are guided by realistic timelines, targets and accountability measures, and designed to acknowledge and meet the complexity of poverty head-on.

In 2011, Poverty Free Saskatchewan identified six key areas that should be part of a made-for-Saskatchewan comprehensive poverty reduction plan, thereby laying the foundation for future provincial poverty strategies.\(^{28}\)

1. Housing access and affordability,
2. Income security for vulnerable groups,
3. Education, training and early childhood learning and development,
4. Enabling and rewarding work and participation in our communities,
5. Improving access to and quality of services for low income people, and
6. Promoting health and preventing illness.

Saskatchewan is in an excellent position to develop a Saskatchewan-specific comprehensive poverty reduction strategy. Municipal, provincial, and federal governments, along with local businesses and organizations, are able to take the lessons learned from other provinces that have implemented a comprehensive poverty reduction strategy and tailor a plan suited to Saskatchewan’s needs.
Report Overview:

Poverty is not inevitable. This report provides the economic and social evidence that it is possible to reduce poverty in our province. The people of Saskatchewan can work together to dramatically decrease the costs of poverty in our province.

This report contains five sections that detail the Poverty Costs campaign, poverty and its costs in our province and how it can be addressed. The first section introduces the Poverty Costs campaign. The second section reviews the current state of poverty in our province. The third section describes in detail how Poverty Costs estimated the costs of poverty in our province. It also considers how thinking about the costs of poverty expands our thinking about the costs of solving poverty. The fourth section provides background on and defines comprehensive poverty reduction strategies. It also summarises some of the work that has already been done by Poverty Free Saskatchewan on creating a plan uniquely suited to the needs of our province. The final section summarises some of the next steps Poverty Costs is planning to take to continue building awareness and momentum around poverty reduction in our province.

Three fact sheets were produced for the original Poverty Costs campaign to help media and inquisitive members of the public learn more about the key points of the Poverty Costs campaign. These fact sheets are included in this report as the executive summary, "Key Facts About Poverty in SK," and the third and fourth sections, “The Costs of Poverty to Saskatchewan” and "Comprehensive Poverty Reduction Plans".
The Poverty Costs Campaign

Core Messages and Actions:

Poverty Costs is a campaign designed to raise awareness about the cost of poverty in Saskatchewan, and to mobilize support for a comprehensive poverty reduction plan for the province.

In an effort to emphasize the need for collective, systemic solutions to poverty, the campaign team chose to advocate for action on poverty based on economic arguments rather than framing it as a moral imperative. In short, we aim to raise awareness that paying to respond to the effects of poverty costs us more than working to reduce it in the first place.

Building on previous reports and campaigns developed by Poverty Free Saskatchewan and other groups in the province, the campaign developed a communications and mobilization strategy to draw attention to the need for a comprehensive poverty reduction plan for our province. Communications tools include a website, povertycosts.ca, to highlight the economic evidence to support the need for a comprehensive poverty reduction strategy and feature stories of the lived experience of poverty. Throughout the campaign, Poverty Costs provided an opportunity for people to endorse a provincial comprehensive poverty reduction plan by signing letters of support, which were then used to communicate a sense of urgency and public support to the provincial government. Campaign communications also mobilized supporters online using social media assets and included a series of web videos to communicate the campaign’s core messages.

The campaign provided a variety of options for supporters to bring the message of Poverty Costs to their communities, and used a ladder of engagement to guide involvement according to individual and organizational capacity. These efforts culminated with an official launch of the Poverty Costs campaign and a week of events March 10th – 15th, 2014 in Saskatoon. Various online and offline activities were designed to help the people of Saskatchewan understand the devastating effects of poverty and that a comprehensive reduction plan is a worthwhile investment for all who live here.

Campaign Origins:

Saskatoon has a long history of poverty awareness and reduction initiatives led by several champion organizations in the community. These initiatives primarily focused on raising awareness, creating local poverty reduction conditions, and influencing local public discourse around poverty.

In 2009, a community Design Charette, a series of community dialogues, and a community roundtable were held. The community roundtable brought together over 100 people committed to bringing action to eliminate poverty in Saskatoon, and these people achieved consensus on 17 preventative and action oriented policy options; two ideas were generated directly from the discussion and 15 were derived from the Health Disparity in Saskatoon report. One of the key actions prioritized during this process was the need to develop and implement a targeted, multi-year, multi-sectoral plan to reduce poverty. Other key priorities focused on income, education, housing, employment, health services and public understanding of the social determinants of health.
The Saskatoon Poverty Reduction Partnership (SPRP) formed in 2010 to catalyze and coordinate multi-sectoral collaboration around a common vision. Using the metaphor of a house, the SPRP vision of sustained individual and community well-being (the roof) is illustrated through a theory of change that focuses on the need for solid community leadership (the foundation), appropriate building blocks like the social determinants of health (the bricks), and, building individual assets such as skills, finances, and support networks (the chimney).

The Poverty Costs campaign acknowledges that a great deal of other work on poverty reduction has been done by many organizations throughout the province, and this body of work has been highly valued by the campaign team. Poverty Costs is an extension of an ongoing, province-wide movement to address poverty in Saskatchewan.

“Nothing About Us Without Us”:

An essential feature of the Poverty Costs campaign was the involvement of individuals with a lived experience of poverty. The model used by the campaign team involved the combination of two existing approaches in poverty reduction work in Saskatoon - the principle of First Voice and the Essential Voices model.

As a general principle, First Voice involvement has been practiced by several organizations in Saskatoon, including the Saskatoon Anti-Poverty Coalition, Equal Justice for all,
and the Saskatoon Health Region Health Promotion Department. Based on the concept of “Nothing About Us Without Us”, it reflects a commitment to involving people with a lived experience of poverty, meaning that their experiences, stories and wisdom are honoured in the decision-making process and in strategic planning. It also involves the provision of childcare, transportation, and an honourarium to help address the social and economic barriers to the inclusion of First Voices.

The other model employed by Poverty Costs was the Essential Voices model, based on past work of the River Bend Integrated Community Ministries (ICM) in Saskatoon. The Essential Voices model hires individuals living in poverty for a few hours per week to work on certain projects or tasks. These individuals work with others who do not live in poverty and create a co-mentoring relationship. The experience of ICM indicated the mutual benefits of the Essential Voices model. Individuals living in poverty were able to expand their networks, build confidence and move on to other pursuits, including more permanent work or education. Participants without the lived experience of poverty were able to bring the experience back to their organizations, often resulting in tangible changes to their organizational policy and practices.

The Poverty Costs team brought these two approaches together in a way that both involved people living in poverty in decision-making and engaged and supported individuals in completing concrete tasks. This included the hiring of an Essential Voices Coordinator (EVC) to work closely with the Poverty Costs partners and to help facilitate the inclusion of First Voices in the campaign.

The involvement of First Voices provided four main areas of support throughout the planning and implementation of the campaign:

1. **Personal Experiences.** Stories about the realities of living in poverty were shared with the EVC during focus group meetings and are highlighted through fictional stories on the campaign webpage. This component was key to creating empathy amongst the campaign’s target audience.

2. **Material Development and Screening.** Campaign communications were screened by those with a lived experience of poverty. This allowed us to ensure campaign materials did not perpetuate stereotypes or exploitation and ensured that our messaging consistently maintained the authenticity of the realities of living in poverty.

3. **Campaign Development and Implementation.** Guidance was provided to ensure that campaign planning and implementation processes did not intentionally emit harm
or insensitivity to anyone involved. In addition, First Voice provided new insights, not thought of by our core team, that were implemented in the campaign.

4. **Essential Voice Hired Position.** The position, adapted from the ICM model, connected the Poverty Costs campaign team to other First Voice members and completed other tasks as requested by the campaign team.

An evaluation of the campaign’s inclusion of First Voices conducted after the week of action in March 2014 showed that the combination of these two approaches provided meaningful involvement for people with a lived experience of poverty. The use of personal stories throughout the campaign contributed a degree of credibility and authenticity that would not have been otherwise possible. Through the creation of the Essential Voices position, the campaign was able to provide those with a lived experience of poverty the opportunity to actively take part in guiding decisions in our work towards poverty reduction in Saskatchewan.
Poverty in Saskatchewan

What is poverty?

The United Nations World Summit on Social Development provides a broad definition of poverty:

The lack of income and productive resources sufficient to ensure sustainable livelihoods; hunger and malnutrition; ill health; limited or lack of access to education and other basic services; increased morbidity and mortality from illness; homelessness and inadequate housing; unsafe environments; and social discrimination and exclusion. It is also characterized by a lack of participation in decision-making and in civil, social and cultural life. Poverty in its various forms represents a barrier to communication and access to services as well as a major health risk.

Clearly, poverty is many things to many people, and every reader will recognize their own understanding of poverty in this definition. At the end of the day, true poverty is some combination of all of these things.

Borrowing from the wording of the United Nations World Summit on Social Development, the Poverty Costs campaign team believes that it is especially important to emphasize the ways in which poverty makes livelihoods unsustainable. As the livelihoods of people in poverty become unsustainable, they are forced into vicious cycles of misfortune, where the early negative consequences of poverty that are left unresolved lead to new consequences, and so on. For example,

A rundown apartment can exacerbate a child’s asthma, which leads to a call for an ambulance, which generates a medical bill that cannot be paid, which ruins a credit record, which hikes the interest rate on an auto loan, which forces the purchase of an unreliable used car, which jeopardizes a mother’s punctuality at work, which limits her promotions and earning capacity, which confines her to poor housing.

In the long run, living in poverty prevents people from taking advantage of opportunities that many of us take for granted. Opportunities like education, employment and community involvement. In extreme cases, poverty results in lasting physical, emotional and psychological harm. Understanding the relationship between living in poverty and the subsequent missed opportunities and barriers that it creates allows the economic implications to become more visible.

Poverty begets poverty, and poverty is a systemic issue. By its very nature, poverty makes it difficult for people living in poverty to rise out of poverty. In other words, poverty limits the opportunities of individuals living in poverty and, as a result, their abilities to make choices that will improve their lives. A popular online summary of poverty likens living in poverty to trying to steer a boat without a rudder. Stopping and preventing the vicious cycles that characterize poverty is not merely the responsibility of those people suffering the direct effects of poverty. Rather, it requires collective action and systemic solutions that build on the values, traditions, and economic strengths of our province.

How do we measure poverty?

It is not always easy to recognize poverty when we see it. Sometimes we expect poverty to be as visible and obvious as it appears in commercials of malnourished children in far
away places. It is easy to become desensitized to the poverty that we see regularly and to miss the poverty that is less visible in our communities. Poverty in Saskatchewan can present itself as a child that cannot afford to participate in a school field trip; a mother that cannot afford childcare so she can go to work; a homeless young person living on the couch of a family friend; or a father that cannot afford to get the skills training he needs to support his family and children.

Statistics Canada provides Canadians with three leading measures of low-income. Although poverty and low-income are not the same, low-income measures provide us with a useful way for gauging the extent of poverty in our province using widely available data and internationally recognized techniques. The three measures provided by Statistics Canada are the Low Income Cut-Offs (LICO), before- and after-tax Low Income Measures (LIM), and the Market Basket Measure (MBM).

Poverty Costs has adopted as our official poverty measure the Market Basket Measure of poverty; however, we will briefly remark on the other two. The Low Income Cut-offs (LICOs) is the oldest measure used to calculate low incomes in Canada. The measure defines a family as living in poverty if they tend to spend a greater share of their income on basic necessities—like shelter, food and clothing—than an average Canadian family. However, the household expenditure data used to construct LICOs today are based on the 1992 Family Expenditures Survey and are outdated. The Low Income Measure (LIMs) is the most popular low-income measure globally. It defines a family as poor if they report incomes that are less than the income of the median family in the country where they live. The LIM is popular globally because it is easy to calculate in the same way for countries all over the world. Poverty researchers almost always use LIM when they wish to make international comparisons.

The MBM is a newer but popular measure of poverty in Canada. While it is not useful for making international comparisons, it is very useful for making comparisons amongst Canadians. The measure defines a family as poor if they cannot afford a basic basket of goods and services needed to ensure sustenance and also a basic level of social participation. The items that go into this basket—things like food, clothing, shelter and transportation—are decided by a group of expert representatives from each of the Canadian provinces. The cost of the basket of goods is then calculated for each of 42 economic regions spanning the nation. The MBM is appealing for two main reasons: first, it is easy to interpret—people that cannot afford every item in the basket are poor; and second, it does a good job of taking into account regional differences in costs of living throughout Canada, particularly differences between major cities and between urban and rural areas.
Figure 1 presents low-income rates in Saskatchewan over the last few decades for each of these measures. As you can see, the extent of poverty differs based on which measure is used. When measuring poverty in Saskatchewan, the MBM produces lower poverty levels than the LIM or LICO. Our estimates of the costs of poverty in Saskatchewan would be much higher were we to use the other measures. However, there are some remarkable similarities among the results based on the different measures. Specifically, no matter which measure is used, poverty in Saskatchewan has declined since the late 1980s. In recent years, our poverty rate has been in the area of between 10% and 15%. This is a great deal lower than what it was in the 1980s when it reached as high as 20% and, as a province, we can be proud. At the same time, we should feel emboldened to set new targets and build on our past success.

Fig 1. Poverty in Saskatchewan, Common Measures

Source: CANSIM Table 202-0802, Statistics Canada.
Recent poverty trends in Saskatchewan:

Canada is known worldwide for boasting a high quality of living for the majority of Canadians. Yet, as several international organizations report, there is huge room for improvement. According to the Organization for Economic Co-operation and Development’s (OECD) 2011 social indicators for 34 countries, Canada falls below average for income inequality, poverty, exiting low income while on benefits, and social spending. In 2010, UNICEF’s list of child material well-being ranked Canada 17th out of 24 of the world’s richest countries. Lastly, in 2009, the Conference Board of Canada’s ranking of income inequality placed Canada 12th out of 17 similar countries, granting Canada a “C”-grade.

Poverty exists in Saskatchewan today, and is a serious problem. There were 99,000 people in Saskatchewan living in poverty in 2010 – that amounts to 10.1% of our population who lacked the income needed to afford basic necessities. Saskatchewan continues to struggle with many of the same issues highlighted by international reports, but in recent years Saskatchewan has shifted from being a laggard in Canada to nearly leading the pack. Figure 2 clearly illustrates Saskatchewan’s successes at reducing poverty in relation to the other Canadian provinces. Nonetheless, despite the persistence of strong economic fortunes in our province, declines in poverty levels have leveled off in recent years. Poverty levels in our province now hang stubbornly near 10%, while the least poor nations in the world post poverty levels below 5%.

![Fig 2. Poverty in Canada](image_url)

Source: CANSIM Table 202-0802, Statistics Canada.
Figure 3 illustrates recent child poverty trends in Canada. Figure 2 illustrated Saskatchewan’s impressive progress in reducing poverty in our province in relation to our nation’s leading provinces, Alberta and Quebec, however we trail further behind when child poverty is examined on its own. Although Saskatchewan has made progress in reducing child poverty there is still considerable room for improvement, especially with respect to First Nations and Métis children. According to a leading report, 64% of First Nations and Métis children are living below the poverty line in our province. This is much higher than the national rate of First Nations and Métis child poverty which is 50%.

Source: CANSIM Table 202-0802, Statistics Canada.
Poverty is Hard on People’s Health:

Poverty creates severe health inequities among populations. It also jeopardizes the sustainability of our healthcare system, it costs our economy dearly, and it threatens to undermine the very cohesiveness of our communities.44

Those living in or near poverty are likely to live shorter lifespans and suffer a host of poorer health outcomes compared to those with middle to high incomes.45 Contrary to what many believe, behaviours, lifestyle choices, and access to physicians or mental health services only have a limited independent impact on preventing disease. Income is the single most important determinant of disease or disorders in our communities.46

The list of negative health outcomes that can be directly linked to poverty is lengthy: all cause mortality, infant birth rate, low birth weight, teen pregnancy, suicide attempts, mental disorders, diabetes, chronic pulmonary disease, coronary heart disease, chlamydia, gonorrhea, hepatitis C, and injuries and poisonings.47

The burden that poverty places on our health is particularly concerning in the case of children and infants. The effects of poverty's vicious cycles begin early. Children born into poverty begin to feel the effects of their parents' misfortune while they are still in the womb, as poverty prevents pregnant mothers from seeking good nutrition and prenatal care. Saskatchewan’s low income neighbourhoods have the highest rates of premature births and infants born small for gestational age.48 In 2006, the child infant mortality rate in low-income areas in Saskatoon was 448% greater than middle to high-income areas of the city.49

Later on, children living in poverty face greater difficulties with respect to both social and cognitive outcomes.50 Impoverished youth are 41% more likely to have low self-esteem and 200% more likely to suffer from depression.51 Depression has a range of consequences including academic failure, poor peer-to-peer relations, low self-esteem, behavioural issues, interruption in development, and conflicts with authoritative figures and parents.52 This means that children raised in low income families are three times more likely to be chronically absent from school due to illness or injury as compared to their middle to high income counterparts.53

Poverty Affects us Unequally:

Although we all are at some risk of poverty, some of us are at greater risk of poverty than others. Populations that are most at risk of falling into the vicious cycles that characterize poverty include women and children, First Nations and Métis, rural, those living with disabilities, and recent immigrants.

Women, especially single mothers, are more vulnerable to poverty for a variety of reasons. Children are additional mouths to feed and household resources cannot always keep pace. This is compounded by the added stresses associated with caring for and raising children. A 3% wage loss is experienced each year a parent takes off work to care for their children.54 Child care is costly and spaces limited. One in three households in Saskatchewan has a problem finding suitable childcare arrangements for their children.55 To make matters worse, women are more likely to be employed in “non-standard” work, with no benefits and lower pay as compared to men.56 Because pension plans are generally based on pay, women continue to be more vulnerable to poverty as they age.57
First Nations and Métis communities in our province suffer the consequences of centuries of institutional segregation and discrimination. For generations, Canadian First Nations were excluded from social and economic life. Jurisdictional issues, and a lack of funding for basic supports, especially for those living on reserve, contribute to a continued lack of access to educational opportunities, employment and skill-building opportunities, and poor health outcomes later in life. Whereas Saskatchewan’s child poverty rates hover around 12%, our poverty rates among First Nations children reach into the sixties and are the highest in the nation. Child poverty levels like this and their lasting effects ensure that, unless action is taken, poverty’s vicious cycles will continue to ravage these communities for years to come.

A third of Saskatchewan’s population resides in rural areas. In much of Canada rural populations report lower poverty rates than urban populations. This is not the case in Saskatchewan, especially in our northern communities. Government research reports that the poverty rate in our province’s north is as high as 30%. According to the 2006 census, some Northern Saskatchewan towns are considered to be among the poorest in the country, reporting poverty levels surpassing 50%. In rural areas, it can be much more difficult to access infrastructure and services needed to sustain a healthy and prosperous livelihood. Transportation, health and education services are often sparse or non-existent and opportunities for employment are limited.

Living with disability amplifies the effects of poverty, making it all the more difficult to achieve a sustainable livelihood. Saskatchewan’s residents living with disabilities have a poverty rate of 17.4%, compared to 9.5% of its residents without disabilities. Although as much as half of working age Canadians living with disabilities report they could work, their employment levels remain low. When people living with disabilities enter employment, they tend to be paid less than those not living with disabilities. Disabilities impose considerable costs on the lives of those living with them. Research suggests that a person living with disability has to earn 42% more disposable income than a person living without disability to achieve the same standard of living. Present social assistance rates for people living with disabilities only satisfy their most basic needs, leaving them in a mode of constant economic survival.

From 2007 to 2011, there were 31,811 recent immigrants to Canada who became permanent residents of Saskatchewan. Newcomers are as much as two times more likely to be living in poverty than the general population. One of the greatest challenges newcomers face is finding meaningful employment. Many newcomers find themselves either unemployed or underemployed. 42% of immigrants who had landed in Canada since 2001 had a university degree and related work experience, but only 24% of these foreign educated immigrants were working in fields related to their educations. Nonetheless, even when newcomers secure employment, they tend to make 21% less than Canadian-born workers.

Poverty rates among First Nations children reach into the sixtieth percentile and are the highest in the nation. Child poverty levels like this and their lasting effects ensure that, unless action is taken, poverty’s vicious cycles will continue to ravage these communities for years to come.
All too often problems related to poverty and low-income are blamed on the populations that are most likely to suffer from them. Research from the Saskatoon Health Region is beginning to show how this kind of thinking is misguided. Indigenous populations make up a disproportionate share of the poor in our province and, as a result, they tend be much less healthy than non-Indigenous populations. But these differences disappear when we compare Indigenous populations to the non-Indigenous populations of similar socioeconomic status.\(^7^1\) This research suggests that poverty reduction efforts could go a long way to improve the health outcomes and ultimately reduce the impact of poverty’s vicious cycles among Indigenous populations.\(^7^2\)

_Growth alone is not enough:_

Saskatchewan’s growing economy is evident. As of 2010, our province’s average individual income was the second highest in the country, falling just behind Alberta.\(^7^3\) The growing economy has also boosted our labour force participation rate by 10%, in turn increasing the average industrial wage.\(^7^4\) But these economic benefits have not reached everyone. Poverty reduction in Saskatchewan is not as simple as relying on a strong economy.

Our economic growth is driving up the costs of basic goods and services in Saskatchewan. In recent years, Saskatchewan has experienced some of the highest inflation rates in the country.\(^7^5,7^6^\) Figure 4 illustrates the stark rise in the costs of living in Saskatchewan based on the Market Basket Measure (MBM) which captures the costs of basic housing, food, clothing, transportation, and general amenities contained in the ‘other’ category.\(^7^7\) All geographical areas in the province have seen dramatic increases since 2008. In 2002, the average poor household in Saskatchewan reported incomes 26.9% below the poverty threshold, while this number rose to 37.6% in 2010.\(^7^8\) This demonstrates the way that good economic times can improve the lot of many, but actually deepen poverty for the least fortunate.
Figure 5 illustrates increases in the costs of living that were calculated for the MBM for Saskatoon. The only bundle of goods included in the MBM whose cost is not increasing is clothing. The costs of housing, transportation, food, and the “other” category, which includes things like telephone lines and internet connections, are on the rise. In fact, the costs of the basic bundle of food stuffs that goes into the basket have gone up by over $2000, or more than 25%, over the last ten years. These rising costs force those living in poverty to make choices among basic necessities of living.
Higher rents and housing costs make it even more difficult for people already suffering the vicious cycles of living in poverty to afford to put a roof over their heads. In Saskatchewan, 41% of renters are spending more than 30% of their income on rent and 19% spend more than 50% of their income on rent.80 People living in poverty have to enter into shared housing accommodations which can lead to a variety of social and health issues.81 In 2006, 9% of rented households were considered overcrowded as they had inadequate numbers of bedrooms for the amount of people living in the home.82 The costs of water, fuel and electricity in Saskatchewan are also on the rise.83

Current assistance rates are not doing enough for the most vulnerable.84 Combined with rising costs of living, these shortcomings are reflected in recent increases in
long-term poverty in Saskatchewan. Between 2002 and 2007, 1.7% of people who experienced poverty in our province passed all six of those years in poverty. Between 2005 and 2010, this number had increased to 2.4%. Similarly, Statistics Canada’s immobility measure of poverty, or the share of the poor that remain in poverty from year to year, has increased from 56.2% in 2002/2003 to 61.2% in 2009/2010.

Despite common assumptions to the contrary, many of those in poverty are working full- or part-time but are not able to earn enough to meet all of their family’s needs. In fact, working families with children make up more than a quarter of all people living in poverty. For a working parent, full-time minimum wage pays just over $20,000 per year -- that’s almost $15,000 below the poverty line for a family of four. The fact that there are members of our community that are working full-time but are still unable to make enough to keep out of poverty is problematic in and of itself. But the impact reaches well beyond those individuals earning a low wage to their families and especially to their children, who end up suffering the double injury of low-income and neglect as parents are forced to work more and more to pay the bills.

Poverty prevents individuals from taking advantage of economic opportunities. Right now our province is operating near capacity, barely able to meet the labour and service demands of our booming economy. The Government of Saskatchewan has identified as a major priority the need to continue expanding our labour force. This necessitates a multi-pronged strategy that ensures there are more people to fill jobs, that connects job seekers with job providers, and that ensures workers and employers have the skills they need to prosper. Effective poverty reduction counters poverty’s vicious cycles, ensuring that citizens that otherwise would not have the means to participate in and contribute to our economy do so.

Poverty reduction can accelerate economic development in Saskatchewan. Effective poverty reduction supports those in poverty, and those at risk of poverty, so they are able to take full advantage of economic opportunities, therefore enhancing our economy as a whole. Investing in poverty reduction is, therefore, an investment in our individual and collective prosperity. It is in our interest as a province to continue to build on our successes—to work to make Saskatchewan one of the least poor jurisdictions in Canada and in the world.

Investing in poverty reduction is, therefore, an investment in our individual and collective prosperity.
The Market Basket Measure

The Market Basket Measure calculates the cost of a basket of goods and services needed to maintain a bare minimum quality of life in Canada today. The goods and services included in the basket can be divided into five categories: food, clothing, shelter, transportation and “other” which captures a handful of necessities of modern living, including things like a telephone line and internet connection.

The MBM does not take into consideration a number of costs that are required for living safely and in good health in Saskatchewan today but which most us would not consider to be luxuries. Things like childcare, education, visits to the dentist, and travel to see family are not included.

The Market Basket Measure low-income line for a family of four living in Saskatoon is $34,897. Table X summarizes the costs the MBM associates with each of these five areas. The Canadian Centre for Policy alternatives estimates that a family of four with two children needs an income of about $60,000 to meet a comfortable standard of living.

How much do you spend on each of these sets of goods and services each month? Can you imagine your family living on as little as $3000 a month, or less than $35,000 a year?

<table>
<thead>
<tr>
<th>GOODS &amp; SERVICE</th>
<th>PER MONTH COST</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clothing</td>
<td>$177.67</td>
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<tr>
<td>Food</td>
<td>$860.17</td>
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<tr>
<td>Shelter</td>
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<tr>
<td>Transportation</td>
<td>$215.67</td>
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<tr>
<td>Other</td>
<td>$782.17</td>
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<tr>
<td>Total</td>
<td>$2908.08</td>
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</tbody>
</table>
The Costs of Poverty

The cost of poverty in Saskatchewan in 2010 was $3.8 billion in heightened service use and missed opportunities. In that year, Saskatchewan’s gross domestic product was $66 billion. This means that the cost of poverty to our province in 2010 was well over 5% of our GDP.

Poverty makes it much harder for people to take advantage of opportunities such as education, employment, cultural and community activities and other aspects of civic life, leading to extremely detrimental consequences for individuals, families and communities. The cost of these missed opportunities is more than $2 billion per year in missing contributions to GDP and taxes. These costs alone make up for more than two thirds of the overall province-wide cost of poverty.

In addition, poverty costs Saskatchewan $420 million a year in heightened health care costs. Poverty also causes us to spend between $50 and $120 million a year more than we otherwise would spend on our criminal justice system.

The first sub-section below describes in detail how our $3.8 billion figure was calculated. The next two sub-sections discuss some of the limits and implications of our $3.8 billion figure. Finally, this report also includes an appendix that underscores some reasons why this estimate likely underestimates the true cost of poverty in our province.

<table>
<thead>
<tr>
<th>Cost</th>
<th>Social</th>
<th>Individual</th>
<th>Total</th>
<th>GDP</th>
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</thead>
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<tr>
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<td></td>
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<td>0.63</td>
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<tr>
<td>Crime</td>
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<td>.12 -.15</td>
<td>.05 -.12</td>
<td>.08 -.18</td>
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<tr>
<td>Intergenerational costs</td>
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<td>.17 .25</td>
<td>.26</td>
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<td>Total Cost</td>
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<td>2.38 -2.41</td>
<td>3.79 -3.89</td>
<td>5.74 -5.89</td>
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<tr>
<td>Basic needs solution</td>
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<td></td>
<td>1.1</td>
<td>1.67</td>
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</tbody>
</table>

The Nathan Laurie approach:

The costs of poverty in Saskatchewan referred to throughout this report are estimated based on an approach to measuring the cost of poverty developed by Nathan Laurie for the Ontario Association of Food Banks in 2008. Laurie’s original report estimates the cost of poverty for both the province of Ontario and for Canada as a whole. The approach has been reproduced by a number of other associations for other provinces, including, BC, Alberta, New Brunswick, Nova Scotia, and, notably, by leading independent poverty evaluation group Centre d’étude sur la pauvreté et l’exclusion (CEPE), for Quebec.

The Nathan Laurie approach estimates three general areas of poverty costs: remedial costs, intergenerational costs, and opportunity costs. All remedial costs fall under social costs, but intergenerational costs and opportunity costs can be separated further into both social and individual costs. Social costs are the costs of poverty borne by
society at large, such as the public cost of treating the symptoms of poverty, and the foregone tax revenue caused by missed opportunities. Individual costs are those costs of poverty that are borne by individuals, primarily related to foregone earnings. Nonetheless, each individual’s private gains are also of great importance in a society, like ours, that prioritizes economic growth.

The authors estimated the cost of poverty in Saskatchewan for the year 2010 because this is the most current year for which we have the necessary data.

### Remedial costs:

Remedial costs are the costs of poverty that are the direct result of a social imperative to treat the consequences of poverty. Poverty, quite literally, hurts people. It damages their health, meaning they must use more health services. Likewise, people living in poverty are more likely to be victims of crime, and get caught up in the criminal justice system. People living in poverty also have to draw on social assistance and social services, which can assist with mitigating the worst symptoms of poverty but are too rarely enough to assist people in significantly bettering their situations.

The direct cost of poverty is estimated in three parts: health, crime, and social assistance. The cost of poverty associated with social assistance is the most straightforward. According to the provincial budget documents, in 2010 the government of Saskatchewan spent $720 million on social assistance. This number appears in the leftmost column of Table 1, in the category of “Cost of social assistance.”

The burden of poverty on our health system is estimated by contrasting the cost of health services in a poor population to the cost of health services in a non-poor population. The first income quintile in Saskatchewan (i.e. the 20% of the population who earn the least income) includes people living in poverty, whereas the second income quintile does not. In their study of Manitoba in the late 1980s and early 1990s, Mustard et al. (1998) estimate that the bottom income quintile accounts for 30.9% of public health expenditure, while the second income quintile only accounts for 24.2% of the public health expenditure. In 2010, the government of Saskatchewan spent $6.25 billion on health and health services. Thus, the health cost of poverty in Saskatchewan is calculated as being equal to the difference in the share of health expenditure allocated to the first and second income quintiles.

The burden of poverty on our criminal justice system is estimated in the same way as with health. In 2002-2003, the most current year for which we have reliable cost estimates, Canada spent $12.7 billion on our criminal justice system. In addition,
the estimated costs of crime to victims in Canada was between $9.8 billion and $35.8 billion per year. Together, this suggests that the annual cost of crime in Canada is $22.5 billion and $48.5 billion per year. Saskatchewan’s share of national crime in 2010 was 6.3%. Thus, the cost of crime in Saskatchewan in 2010 is estimated to be between $1.4 billion and $3 billion.

Due to gaps in the research, the differential costs of crime related to the first and second income quintiles must be arrived at indirectly, by first drawing on research that estimates differences in literacy levels among income quintiles in Canada; and by second combining these results with research on the relationship between literacy levels and crime. The Laurie approach estimates that the first income quintile accounts for about 29.7% of all crime, while the second income quintile accounts for about 25.8% of all crime. Thus, the crime cost of poverty in Saskatchewan is the difference in the share of justice expenditure allocated to the first and second income quintiles. An upper and lower estimate were calculated.

*Intergenerational costs:*

Intergenerational costs are the costs of poverty that arise because of the long-term ill effects of child poverty. These costs are extremely high over the long term, but are difficult to calculate in the short term. Children growing up in poverty suffer many negative impacts, and are considerably more likely to end up living in poverty as adults than children who did not grow up in poverty.

Canadian studies have estimated that between 20% and 25% of all children who grow up in poverty will remain in poverty as adults. According to the Market Basket Measure (MBM) low-income measure provided by Statistics Canada there were 26,000 children living in poverty in Saskatchewan in 2010. As was done with the health and crime costs associated with poverty above, the intergenerational cost of poverty is estimated by comparing the outcomes of a poor and a non-poor population: the first and second income quintile. The average individual in the first income quintile in Saskatchewan in 2010 took home $21,502 income after taxes and transfers, and contributed $978 in taxes to public coffers. The average individual in the second income quintile took home $44,194 and contributed $3,857.

The individual cost of intergenerational poverty is estimated by calculating the difference in expected after-tax earnings between the first and second income quintiles, and multiplying it by the number of poor children in Saskatchewan who are expected to remain poor over the course of their lives. The social cost of poverty is calculated in the same fashion, only the after-tax income is replaced with taxes contributed. The share
of poor children expected to remain poor as adults ranges from 20% to 25%, and so a lower and upper intergenerational cost of poverty is estimated.

**Opportunity costs:**

Opportunity costs are the costs associated with the negative impacts of poverty on the life chances of those living in poverty. GDP is a function of the productive efforts of all members of Saskatchewan's society. As a result of their lack of resources, those living in poverty are presented with fewer economic opportunities, and are less able to take advantage of those opportunities when they do arise. When it comes to education, skills upgrading, and employment, those living in poverty simply have fewer options. Combined, these limit the extent of the economic contributions they are able to make.

As with the intergenerational costs of poverty, both individual and social opportunity costs of poverty are estimated by considering how much more the poor might earn were they not poor and how much more they might contribute in taxes. In fact, the opportunity costs of poverty are estimated in a virtually identical fashion to the intergenerational costs of poverty, but rather than multiplying the differences in expected after-tax income and taxes paid between the first and second incomes by the number of children living in poverty, they are multiplied by the number of working-age adults living in poverty. According to the MBM, there were 68,000 adults living in poverty in Saskatchewan in 2010.

These calculations likely underestimate the cost of missed opportunities among those living in poverty. The incomes of the poor today are largely made up of social transfers. If the poor earned income at levels typical of the second income quintile, they would not receive these transfers. As mentioned above, Saskatchewan paid $720 million in social transfers in 2010. This amount is added to the total costs of poverty next to "Cost of social assistance" under the individual column in Table 1.

**Limitations of the approach:**

There is no single way of calculating the cost of poverty in Canada. Nonetheless, some approaches are better than others. All approaches are heavily restricted by the kinds of data that are collected and made available to researchers. The Nathan Laurie approach has emerged as the favoured approach among social policy experts in Canada. The approach is impressive for its breadth, as well as its relatively intuitive interpretation.

The Nathan Laurie approach to estimating the cost of poverty in Canada depends on a crucial assumption: the difference in outcomes between the first and second income quintiles – be they health, crime, and/or economic success – are the consequence of the presence of people living in poverty in the first income quintile and the absence of people living in poverty in the second income quintile. If there were no poverty, the Nathan Laurie approach assumes the outcomes of people in the first and second income quintiles would become identical. This assumption is limited by the fact that the first income quintile includes people who aren’t living in poverty, and that income quintiles are by definition relative categories. On the one hand, even as we diminish the number of people in poverty in the first income quintile, there will still be a first and second income quintile. On the other hand, the Nathan Laurie approach implies that as we diminish the number of people in poverty, the outcomes of the two quintiles should converge. This assumption remains untested.
The Nathan Laurie approach does its best to mobilize the best evidence available to researchers of poverty in Canada. However, the approach is hindered by the quality of the evidence in at least two glaring respects. First, many of the numbers used are not up to date. For example, our health inequality and mobility numbers are from the early 1990s. Second, whereas the approach has been used to estimate poverty in Canada as a whole and in several of the Canadian provinces, nearly all of the statistics used have never been calculated for the provinces. For example, our health inequality numbers are drawn from a study of Manitoba, and our mobility numbers are for Canada and do not consider whether there might be differences in mobility among the provinces.

Despite its limits, most experts agree that the Nathan Laurie approach is the best tool we have. At the very least, it is a starting point for the conversation, as even debating the assumptions is an instructive exercise in broadening popular understanding of the consequences of poverty. If our long-term goal is to marshal evidence-based public policy to address poverty in Canada, then the limitations of the Nathan Laurie approach underscore exactly the areas in which we need to invest in order to improve understanding of the costs of poverty in Canada. For example, high-quality longitudinal data could help us confirm or deny the central assumptions of the Laurie approach; likewise, it might be worth the time and resources needed to keep estimates of health inequality and mobility up to date and accurate at sub-national levels.

**Toward cost/benefit, evidence-based social policy:**

Despite the limits of the Nathan Laurie approach to estimating poverty in Canada, the approach makes a significant contribution to advancing discussions related to poverty and public policy in Canada. All too often, initiatives aimed at alleviating poverty are framed as “all cost and no benefit”. In fact, poverty is costly to each and every one of us, and alleviating poverty can reduce these costs. Although there will always be room for altruism in social policy, highlighting the costs of poverty provides an additional justification for poverty alleviation: it’s a smart investment with a high rate of return.

*The province of Saskatchewan could invest more than five times what it is already investing in poverty alleviation and still not spend more than poverty is already costing us.*
Appendix B of this report lists several reasons for believing that our current cost-of-poverty estimates actually undervalue the cost of poverty to Saskatchewan. The cost of poverty to Saskatchewan in 2010 is estimated to be in the order of $3.8 billion, and takes into account the $778 million invested by the province in social assistance that year. Thus the cost of poverty in Saskatchewan would likely be even higher were it not for the initiative Saskatchewan has already taken. Nonetheless, the province of Saskatchewan could invest more than five times what it is already investing in poverty alleviation and still not spend more than poverty is already costing us.

On the one hand, $3.8 billion is a lot of additional dollars to spend on poverty alleviation. On the other hand, increasing people’s incomes so they can cover their basic needs would cost, at most, $1.1 billion. This “basic needs” solution to poverty is estimated by calculating the sum of the differences between the incomes of Saskatchewan’s poor and their respective poverty thresholds. It tells us what it would cost to top-up every poor household’s disposable income to the poverty line through a direct cash transfer. Arguably, this is the simplest solution to poverty in the province, although there is disagreement among experts and lay-people alike as to whether this is a true solution to poverty. For many, poverty is not just about income, and there are some things, such as affordable child care and transportation, that even those living just above the poverty line would be at great pains to afford.

Arguably, the cost of solving poverty and eliminating its costs lies somewhere between $1.1 billion and $3.8 billion. It is up to the people of Saskatchewan and their leaders to decide how best to allocate these funds in order to eliminate poverty as efficiently as possible. This decision can now be informed by the knowledge that poverty is costing Saskatchewan $3.8 billion. Moving forward, it is worth exploring how much of the $3.8 billion price tag of poverty in our province could be reduced by a $1.1 billion investment to cover basic needs. Moreover, it is highly likely that poverty reduction solutions could cost less than $3.8 billion per year. With Saskatchewan-specific cost-of-poverty estimates in hand, our province is better positioned than ever before to consider the most efficient ways of doing so.
Comprehensive Poverty Reduction Plans

Poverty has multiple causes, and requires multiple solutions. In short, poverty is complex. But poverty is not so complex that we should simply throw up our hands; instead, concerted action, focusing on both prevention and alleviation, gets results. Over the past ten years, all provinces in Canada except Saskatchewan and British Columbia have implemented comprehensive poverty reduction strategies, and Canada’s earliest adopters have already begun to report progress. Comprehensive poverty reduction strategies are strategies that do not shy away from the complexity of poverty. Rather, they are designed to meet this complexity head-on. Sherri Torjman of the Caledon Institute has detailed 10 areas in which a robust poverty reduction strategy can produce results:116

1. Affordable housing
2. Early childhood development
3. Education and literacy
4. Training
5. Income supplement
6. Income replacement
7. Disability income
8. Assets
9. Social infrastructure
10. Place-based interventions

There is no single way of covering each of these areas. It is up to every province and municipality to come up with the best solutions based on their strengths and the challenges they face; Saskatchewan has the opportunity to build on the lessons learned from each provincial strategy. Poverty reduction in Saskatchewan will take coordinated efforts and commitment from community organizations, individuals, business, and all levels of government.

Together, with a tailored approach that meets the needs of the Saskatchewan population, we can reduce the impact of poverty in Saskatchewan.

Essential elements of a poverty reduction strategy:

There will be as many different comprehensive poverty reduction strategies as there are provinces committed to eliminating poverty among their citizens, but successful ones share certain elements.

First, a comprehensive poverty reduction strategy provides concrete targets and timelines. A goal without a plan is just a wish, and a comprehensive solution to poverty in our province can and should be more than just a wish. Timelines and targets are the principal building blocks of any good plan. They detail what it is we aim to accomplish, and how long it is going to take us to do it. In 2003, for instance, the Province of Quebec committed to bringing their poverty levels in line with the least poor industrialized nations of the world by 2013. They set up an independent advisory council of experts to settle on the best measures for determining their success. Each year, the Centre for the Study of Poverty and Social Exclusion releases a report on the province’s progress toward its goals. This approach ensures that progress towards stated goals is measured and that changes are made when the results fall short of targets.
Second, a comprehensive poverty reduction strategy should be comprehensive. A poverty reduction strategy is comprehensive when it deals with as many of the various dimensions of poverty as possible. Some people are living in poverty because they cannot find work, others because they cannot afford to work. Work can be inaccessible to people for any number of reasons including limited access to transportation, the unaffordability of childcare, or minimum salaries that do not meet the cost of living. A poverty reduction program, then, might focus on creating jobs and/or training opportunities, and it might focus on building transportation infrastructure, providing affordable child care, and encouraging employers to support their employees with a living wage. In particular, a comprehensive poverty reduction strategy must be effective in reaching the most vulnerable groups in society.

Third, a comprehensive poverty reduction strategy should be sensitive to the needs of the communities it aims to serve. We can develop a strategy that works for people by first ensuring it is based on meaningful, province-wide consultation; and by second ensuring opportunities for ongoing public engagement. It is rare that a set of policies gets everything right immediately. By settling on clear targets and measures, and by drawing on the strengths of as many people as possible possible – in particular those experiencing poverty – we can make sure that unforeseen mistakes are corrected and that our efforts converge on measures that can help us reach our long-term goals.

Finally, a comprehensive poverty reduction strategy requires a binding commitment. Enshrining our comprehensive poverty reduction strategy in legislation ensures that poverty reduction will remain a public priority for years to come. In addition, it is important that provinces support their commitment by allocating funds and assigning clear responsibility. In Newfoundland and Labrador, for instance, a senior cabinet minister was placed in charge of implementing that province’s comprehensive poverty reduction strategy, and Premier Danny Williams stated that his government as a whole should be held accountable for meeting its targets. Over the last ten years, the poverty levels of Newfoundland and Labrador have declined from among the highest in Canada to among the lowest.

**Comprehensive poverty reduction strategies throughout Canada:**

There are as many different comprehensive poverty reduction strategies as there are provinces. It is up to each province to determine the unique factors contributing to poverty in their jurisdiction and to settle on cost effective strategies for dealing with them. Table 1 summarizes the key aspects of the comprehensive poverty reduction strategies found in eight provinces throughout Canada, and three territories. While there are dimensions of poverty that nearly every jurisdiction prioritizes – such as income, early childhood development, and education and literacy – there are others, such as homelessness, food security and the stability provided by assets, whose prioritization reflects the unique challenges faced by those provinces.

Comprehensive poverty reduction strategies are relatively new in Canada. In the late 1980s, Canadian governments at every level lined up to pledge their commitment to eliminating child poverty by the year 2000. These efforts were generally unsuccessful because provincial and federal governments did not approach poverty comprehensively. Child poverty cannot be eliminated if family poverty is allowed to continue. This shortcoming was one of the primary motivators for the emergence of comprehensive poverty reduction strategies in the early 2000s. Quebec was the first to implement a strategy in 2003. Now, in 2013, all but two provinces (Saskatchewan and British Columbia) have committed to implementing comprehensive poverty reduction strategies.
Poverty reduction plans that are comprehensive and include targets, timelines and accountability measures have shown results. For example, in Newfoundland and Labrador the incidence of low-income in the province decreased from 12% in 2004 to 5% in 2011, the latest date for which data are available.\textsuperscript{119,120} Whereas between 1996 and 2001 as much as 3% of Newfoundlanders spent the full six years living in poverty, between 2005 and 2010 almost none did (0.4%).\textsuperscript{121} Since implementing a poverty reduction strategy in 2006, Newfoundland has gone from being one of the provinces with the highest levels of poverty to one of those with the least.

Quebec and Ontario have also seen successes after taking concrete action to reduce poverty. The proportion of people living on low incomes in Quebec has dropped from 12% in 2004 to 9.4% in 2009. In Ontario the rate of child poverty actually decreased in 2008 and 2009, despite the worst global recession in recent history. The Daily Bread Food Bank reports that provinces that had implemented poverty reduction strategies with targets and timelines appear to have made a substantial impact in reducing child poverty from 2006 to 2011.\textsuperscript{122}

Comprehensive poverty reduction strategies are non-partisan. Because of the variable nature of comprehensive poverty reduction strategies, there is a unique poverty reduction strategy to fit not only every province, but also every government. As is evident in Table 1, comprehensive poverty reduction strategies have been implemented by governments representing every stripe of the Canadian political landscape. Not every comprehensive poverty reduction strategy is equal – some are likely to work better than others – but the costs of poverty and the incentive to reduce it are universal. Concrete targets and timelines provide provinces with criteria to evaluate the success of different initiatives, and provide governments with the opportunity to shine.

<table>
<thead>
<tr>
<th>Table 3: Comprehensive poverty reduction strategies in Canada</th>
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<tr>
<td>Province</td>
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<td>Commitment</td>
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<td>Early childhood development</td>
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<td>Social infrastructure</td>
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A toolkit for comprehensive poverty reduction in Saskatchewan

Saskatchewan is in an excellent position to plan a Saskatchewan-specific comprehensive poverty reduction strategy. Municipal, provincial, and federal governments, along with local businesses and organizations are able to take the lessons learned from other provinces and tailor a plan suited to Saskatchewan’s needs. The key will be to work together, implement targets and timelines, ensure the approach is comprehensive, and ensure the community is involved.

In early 2011, Poverty Free Saskatchewan (PFS), a network of volunteers representing a wide array of organizations committed to eliminating poverty in Saskatchewan, compiled a toolkit of poverty reduction measures for Saskatchewan. This effort was followed in late 2011 and 2012 by a series of public consultations in communities throughout the province, including North Battleford, Saskatoon, Moose Jaw, Regina, Tisdale, Nipawin and Melfort. PFS identified six key areas that must be part of any successful plan to eliminate poverty in Saskatchewan:

**Housing Access and Affordability:** This component is key to almost every comprehensive poverty reduction strategy but is especially important here in Saskatchewan with our low vacancy rates and ever-growing rental rates. We must ensure that secure and affordable housing is readily available for our most vulnerable populations. While some housing measures are short-term, they provide the support required to ensure longer-term initiatives such as education and employment have a realistic chance at success. 84% of Saskatoon residents support the creation of more private affordable housing.

**Income Security for Vulnerable Groups:** One of the consequences of living in poverty is elevated levels of stress related to an insufficient income. By ensuring that people receive an income that both supports the basic costs of living while offering an increased level of dignity, the economic effects of poverty on individuals will improve. 73% of Saskatoon residents support increasing the minimum wage; 83% support income supplements to support people in moving off welfare. As with housing initiatives, short term income measures provide the support required to ensure longer-term initiatives have a reasonable chance at success.

**Education, Training and Early Childhood Learning and Development:** Providing more opportunities to build on one’s education, life-skills, and training helps to reduce barriers and improve individual opportunity and potential. Ensuring these opportunities are available will help the province move forward with reducing poverty. In Saskatoon, 83% of residents support increased education funding and 73% support lowered tuition for post-secondary students.

**Enabling and Rewarding Work and Participation in our Communities:** A key step to reducing poverty is to remove barriers and obstacles to help individuals secure meaningful employment opportunities that provide living wages. In Saskatoon, 85% of residents support subsidized work training; 71% support creating additional training opportunities for First Nations and Métis peoples.

**Improving Access to and Quality of Services for Low Income People:** We must ensure, first, that those with a low income can easily access programs and services and second, that when receiving program support and services, they are being treated with dignity and respect.

**Promoting Health and Preventing Illness:** Programs designed to improve health outcomes for those with lower incomes must be improved to ensure we are improving the disproportionate health outcomes faced by those living in poverty.
Next Steps

Poverty costs Saskatchewan $3.8 billion each year in heightened service use and missed opportunities. Paying to treat the ill effects of poverty is more costly than working to reduce it in the first place. Other provinces have demonstrated that by developing a comprehensive provincial poverty reduction plan with clear targets and timelines, we can significantly reduce the costs of poverty and use our resources more effectively and efficiently.

According to leading poverty measures, poverty is falling in our province. But our strong economy can only take us so far. A tenth of the people living in Saskatchewan are currently living in poverty with rising prices making it harder and harder for them to catch up. The detrimental effects of poverty continue to undermine the health and well-being of those experiencing it, impacting on services and systems and on the wider community’s health and well-being. The intergenerational and deep consequences of poverty guarantee that if left unchecked, the costs of poverty will be felt for years to come. The vicious cycles that characterize poverty prevent those experiencing it from taking advantage of the opportunities our provincial prosperity provides. Addressing poverty through both prevention and alleviation will improve the economic and social outcomes for all residents of Saskatchewan.

Poverty is complex both in its causes and solutions. In order to address this complexity, we need a comprehensive poverty reduction strategy with targets, timelines and accountability measures. We do not have to start from scratch; we can learn from the experiences and successes of other provinces like Quebec and Newfoundland and Labrador. There is a wealth of existing data and resources from which to base the development of our provincial plan, including the extensive, province-wide consultations performed in 2012 by Poverty Free Saskatchewan, which identified six priorities that a made-in-Saskatchewan poverty reduction strategy could address.

The Poverty Costs team closed Phase One of the campaign at the end of March 2014 and is now into a second phase towards its goal of a provincial comprehensive poverty reduction strategy. Phase One was successful in introducing the costs of poverty, a new framework for thinking about poverty and its effects in our province, to Saskatchewan residents. This messaging engaged several demographics, including faith groups, students, Saskatoon and provincial media. Phase Two builds on this success and also generates momentum and supports to broaden the representativeness and diversity of voices from across the province included within our made-in-Saskatchewan provincial strategy.

Let’s join the majority of Canadian provinces in implementing a comprehensive poverty reduction strategy that meets the challenge of poverty head on. Let’s proactively identify and address the root causes of poverty so we can prevent its costly symptoms. Let’s promote awareness about the effects of poverty and the benefits of a comprehensive poverty reduction strategy. Let’s show our support for collective action on poverty reduction. Let’s ensure that everyone in Saskatchewan is able to take full advantage of and contribute to our economic prosperity.

Investing in poverty reduction means putting an end to the vicious cycles. It is in all of our best interests to continue to build on our successes and make Saskatchewan’s poverty reduction efforts among the most effective in Canada and in the world.

The evidence and framework for a Saskatchewan comprehensive poverty reduction strategy are in our hands. Together, we can make a better plan.
Appendices

Appendix A: Stories of Poverty

These fictional stories were developed through focus groups with individuals with a lived experience of poverty in Saskatoon, Saskatchewan. They were used, in this format, during Poverty Costs campaign volunteer training.

MY NAME IS LEAH and I’m seven. Some of my favourite things are going to the park down the street, playing with my best friend, Evelyn, and art class at my school. But today Mom told me we’re moving again and that I will have to go to a new school.

This time we’re moving in with my Grandma and Auntie Lois and on the other side of town. She says it will be fun — that I’ll get to share a room with my two cousins. But I won’t get to live next-door to Evelyn anymore and we won’t get to go to the park together so much. I’m scared to go to a new school where I don’t know anybody.

I don’t think it’s fair that we have to move — we only just moved into this house when I was six! But Dad won’t stop coughing and Mom’s worried about my asthma. She had to tell the landlord about the mold downstairs and the cold coming in through the windows, and now he’s raising our rent to pay for fixing it. Mom says we can’t afford that, no matter how hard she works. I don’t want to move but Mom says we don’t have a choice.

FAMILIES LIKE LEAH’S SHOULDN’T HAVE TO CHOOSE BETWEEN THEIR HEALTH AND AFFORDABLE HOUSING. SIGN OUR CALL FOR A COMPREHENSIVE POVERTY REDUCTION PLAN TODAY!

I’M DILLON and I’m nine years old. I got in some big trouble today because I got caught stealing a Roughriders toque. The store owner isn’t going to tell the police or anything, but he called my dad at work to tell him what happened. Dad was so mad at me when he got home. He said there is no excuse for stealing, and that I should know better. I feel bad, but I can’t explain to him why I did it.

The truth is, it’s been pretty tough at our house lately. Dad got hurt at work last month and keeps having to give up his shifts. He told me he wants to take some courses so that he can get a job that’s easier on his body, but he can’t do that with his shift schedule always changing.

I overheard Dad on the phone saying he’s having trouble “making ends meet.” Lately he’s stopped eating supper with me. He says he’s still full from lunch and will eat later, but he never does. My class is going tobogganing next week and I’ve been too nervous to show my dad the list of winter stuff I have to bring. So I took the hat. I’m sorry I did it, but I didn’t know what else to do.

SIGN ON TO OUR CALL FOR A COMPREHENSIVE POVERTY REDUCTION STRATEGY SO THAT WHEN SOMETHING GOES WRONG, FAMILIES LIKE DILLON’S AREN’T LEFT OUT IN THE COLD.
**MY NAME IS JOSEPH.**

I am ten years old. I was born in Rwanda and my family came to Canada one and a half years ago. I have two younger sisters, Alice, who is three, and Raissa, who is seven.

In Rwanda, my father was a high school teacher, but here in Canada, he goes to classes during the day to learn English, and cleans office buildings at night. In Rwanda, my mother was a school teacher, but someone has to look after my little sister Alice, so she stays home. Mom says she wishes she could afford child care so she could be a teacher again.

I like school and I like to play soccer with my friends on the weekend. Sometimes I stay after class to get extra help with reading and math. But lately, I have been helping out more at home because my mother has been working late at a restaurant to help pay our bills. She is often very tired, and sometimes I watch my sisters so that Mother can rest.

Last week, while Mom was taking a nap, I thought I would help out by making supper for my younger sisters. But when I wasn’t watching, Raissa accidentally touched a hot pan and burned her hand. Mother woke up quickly and took her to the hospital. Even though they say it’s not my fault, I feel bad for letting my parents down. Raissa is alright now, but my Mom has decided to quit her job at the restaurant.

**SIGN ON TO OUR CALL FOR A comprehensive poverty reduction plan so that parents like Joseph’s can access proper care for their children.**

---

**MY NAME IS OLIVIA.** I’m in grade 4 and I live with my mom and my baby brother, Austin. I’m not at school today because I was at the hospital all through the night with my mom and Austin. He’s got problems with his lungs because he was born 3 months too soon, and last night he was having trouble breathing.

It was too late to take the bus, so we rode to the hospital in an ambulance. I think he’s going to be ok, but his problems have been getting worse lately. I know Mom is scared about Austin’s breathing.

She used to work and take classes at the university, but now that Austin gets sick so much, sometimes the day-care places don’t let him stay. Mom had to quit her job to look after him, and now we get our money from the government every month.

I have diabetes, which means I need to eat certain kinds of food to stay healthy. I get so anxious when I see the end of the month is coming up, because it’s always hard for Mom to find good food for me.

She takes us on the bus around town to the places that give out food, and clothes, and diapers. Mom works so hard to take care of me and Austin - I can’t stand to think of what would happen if she got sick too.

**SIGN ON TO OUR CALL FOR A comprehensive poverty reduction plan so that moms like Olivia’s can afford the services they need to raise healthy kids.**
Appendix B: Erring on the side of lower cost estimates

The Nathan Laurie approach provides us with a reasonable estimate of the cost of poverty using the best available data. Nonetheless, there are always choices to be made when running such calculations. The keen observer will notice that we did not estimate the cost of poverty in Saskatchewan in the exact same fashion as those that estimated the cost of poverty in other provinces, nor did others produce their estimates in the exact same way as one another. So as to head off accusations of inflating the cost of poverty in Saskatchewan, we consistently chose the lower estimates when calculating the costs of poverty. For this reason, the actual costs of poverty in Saskatchewan may actually be quite a bit higher than those estimated here.

As a general rule, whenever there was a choice made that would result in lower or higher cost-of-poverty estimates, we erred on the side that would produce the lower estimate. In fact, this has been a general tactic of the Nathan Laurie approach. There are, however, good reasons to believe the costs of poverty are much greater than those reported. Here are a few:

1. We estimate an upper and lower bound on the cost of poverty in Saskatchewan. Nonetheless, we only use the lower bound in our campaign education materials.

2. We use as our official measure of poverty for the Poverty Costs campaign the Market Basket Measure (MBM) of poverty. Statistics Canada provides three measures of poverty in Canada: the Low-income Measure (LIM), the Low-Income Cut-off (LICO), and the Market Basket Measure. All three measures are widely used in Canada. The Poverty Costs campaign has adopted the MBM as our measure of poverty for two reasons: first, the LIM, though recognized internationally, estimates higher poverty levels than the other measures, and we wish to pre-empt accusations of poverty inflation; second, the LICO suffers from serious methodological shortcomings.

3. Much of the data used in this study is drawn from Statistics Canada sources. These data tend to exclude on-reserve First Nations populations, as well as institutionalized populations, which are more likely to suffer from poverty than the general population. These oversights are likely to have a greater impact on Saskatchewan’s cost-of-poverty estimates than in other provinces. This means that the number of people in poverty, as well as figures for average income and taxes paid used in our intergenerational and opportunity cost estimates, are likely inaccurate in predictable ways.

4. Our remedial costs of poverty only consider socialized remedial costs. In fact, there are also individual remedial costs to living in poverty. Poor health is costly to the individual in physical suffering and missed opportunities over and above any burden that poor health places on the health system. Likewise, the consequences of crime, from the threat of crime to its lifelong impacts, are felt by the individual over and above their immediate cost to the justice system.

5. Our criminal justice spending numbers are out of date. We know that spending on our justice system is increasing under current governments as a result of recent federal changes to crime legislation. As noted in a footnote above, Briggs and Lee (2012) use national costs-of-crime estimates in the ballpark of $99 billion in order to produce their cost-of-poverty numbers for Alberta. Our admittedly out-of-date cost-of-crime estimates are also vulnerable to the usual challenges that plague crime numbers, e.g., the fact that crime numbers in general tend to be underreported.
6. Our social assistance estimates are taken from provincial budget documents and do not include direct federal spending on assistance to the poor such as the Canada Child Tax Benefit (CCTB) and GST rebates. Statistics Canada does not provide harmonized estimates of assistance at the granularity of detail needed for this study.

7. Our social assistance numbers only consider social security spending directed solely at alleviating the condition of the poor. Many other government programs and subsidies beyond health spending and crime aim to reduce poverty, but it is difficult to differentiate what exact share of these expenditures go to those living in poverty. As the Quebec researchers point out: "Indeed, such organizations have many objectives and are active on many fronts, including defending rights, literacy and food security, of course, but also health and social services (where poverty is not a factor), sociocultural activities, and so on." (12)

8. We base our intergenerational costs of poverty in Canada on overall estimates of intergenerational mobility in Canada. In other words, we assume that Canadian children have between a 20% and 25% chance of inheriting the socio-economic status of their parents, regardless of social background. In fact, there is reason to believe that those growing up in poverty are even more likely to inherit the socio-economic status of their parents than children from other backgrounds.

9. In Laurie (2008), the author estimates the opportunity cost of poverty for Ontario by calculating how much more the lowest income quintile would earn if it made as much as the second quintile. We follow the Quebec researchers and use only the number of people living below the MBM poverty threshold. Not everyone in the lowest quintile has low income.

10. Finally, the Nathan Laurie approach does not take into account the fact that those living in poverty tend not to have the resources they need to save for retirement. This means that greater costs are incurred to society after they turn 65.

Appendix C: Equations

Remedial Costs:

\[
\text{Health Cost of Poverty} = (\text{HealthExp} \times \text{HealthUse}_1) - (\text{HealthExp} \times \text{HealthUse}_2)
\]

\[
\text{HealthExp} : \text{total health expenditure in Saskatchewan in 2010 (billions)}
\]
\[
\text{HealthUse}_1 : \text{total share of health usage of the 1st income quintile}
\]
\[
\text{HealthUse}_2 : \text{total share of health usage of the 2nd income quintile}
\]

\[
\text{Health Cost of Poverty} = 0.42 = (6.25 \times 0.309) - (6.25 \times 0.242)
\]

\[
\text{Crime Cost of Poverty, Lower} = (\text{CrimeExpLower} \times \text{CrimeShare}_1) - (\text{CrimeExpLower} \times \text{CrimeShare}_2)
\]
\[
\text{Crime Cost of Poverty, Upper} = (\text{CrimeExpUpper} \times \text{CrimeShare}_1) - (\text{CrimeExpUpper} \times \text{CrimeShare}_2)
\]

\[
\text{CrimeExpLower} : \text{provincial criminal justice expenditure plus cost to victims, lower estimate (billions)}
\]
\[
\text{CrimeExpUpper} : \text{provincial criminal justice expenditure plus cost to victims, lower estimate (billions)}
\]
\[
\text{CrimeShare}_1 : \text{total share of crime of the 1st income quintile}
\]
\[
\text{CrimeShare}_2 : \text{total share of crime of the 1st income quintile}
\]
Intergenerational Costs:

Intergenerational Individual Cost of Poverty, Lower = (MobilityLower * PoorChild) * (Income_2 - Income_1)
Intergenerational Individual Cost of Poverty, Upper = (MobilityUpper * PoorChild) * (Income_2 - Income_1)
Intergenerational Social Cost of Poverty, Lower = (MobilityLower * PoorChild) * (TaxesPaid_2 - TaxesPaid_1)
Intergenerational Social Cost of Poverty, Upper = (MobilityUpper * PoorChild) * (TaxesPaid_2 - TaxesPaid_1)

MobilityLower : national probability of inheriting your parents income quintile, lower estimate
MobilityUpper : national probability of inheriting your parents income quintile, upper estimate
PoorChild : number of children living in poverty
Income_1 : average after-tax income, 1st income quintile
Income_2 : average after-tax income, 2nd income quintile
TaxesPaid_1 : average taxes paid, 1st income quintile
TaxesPaid_2 : average taxes paid, 2nd income quintile

Intergenerational Individual Cost of Poverty, Lower = .12 = ((.20 * 26 000) * (44 194 - 21502)) / 1 billion
Intergenerational Individual Cost of Poverty, Upper = .15 = ((.25 * 26 000) * (44 194 - 21502)) / 1 billion
Intergenerational Social Cost of Poverty, Lower = .01 = ((.20 * 26 000) * (3857 - 978)) / 1 billion
Intergenerational Social Cost of Poverty, Upper = .02 = ((.25 * 26 000) * (3857 - 978)) / 1 billion

Opportunity Costs:

Missed Opportunities Individual Cost of Poverty = (PoorAdult * (Income_2 - Income_1))
Missed Opportunities Social Cost of Poverty = ((PoorAdult * (TaxesPaid_2 - TaxesPaid_1))

Poor Adult : number working age adults in poverty, province
Income_1 : average after-tax income, 1st income quintile
Income_2 : average after-tax income, 2nd income quintile
TaxesPaid_1 : average taxes paid, 1st income quintile
TaxesPaid_2 : average taxes paid, 2nd income quintile

Missed Opportunities Individual Cost of Poverty = .2 = (68000 * (44 194 - 21502)) / 1 billion
Missed Opportunities Social Cost of Poverty = 1.54 = (68000 * (3857 - 978)) / 1 billion
Endnotes

1. Public Health Observatory, Saskatoon Health Region and University of Saskatchewan Social Sciences Research Laboratory, 2013.

2. With few exceptions, throughout this document we report poverty estimated for 2010. This is because this is the most recent year for which Saskatchewan has complete data, and the year for which we produced our cost of poverty estimates.

3. Statistics Canada provides three measures of poverty in Canada: the Low-income Measure (LIM), the Low-income Cut-off (LICO), and the Market Basket Measure. All three measures are widely used in Canada. The Poverty Costs campaign has adopted the MBM as our measure of poverty for two reasons: first, the LIM, though recognized internationally, estimates higher poverty levels than the other measures and we wish to pre-empt accusations of poverty inflation; second, the LICO suffers from serious methodological shortcomings (c.f. Hunter 2011). The MBM are calculated based on how much income a family needs to cover the costs of essential goods, including food, clothing, and shelter in each of 49 economic regions throughout Canada. The low income line for a single individual living in Saskatoon in 2011 was $17,448.50. The same line for a family of four (two parents with two children) was $34,897. For more information on poverty measurement in Canada see Zhang (2012).


6. Ibid.

7. Ibid.


10. Douglas and Gingrich, 2009. This study is based on the after-tax Low Income Cut-Off (LICO) poverty threshold.

11. Banks and Gingrich, 2013. This study is based on the after-tax Low Income Cut-Off (LICO) poverty threshold.


13. Ibid.

14. Ibid.


16. The complete welfare income—that is including all federal and provincial transfers—for a single parent with one child aged 2 was $18,370 in 2012 compared with $18,188 in 1986 (Tweddle et al. 2012). This income represents only 75% of the poverty threshold for a family of this size.


19. Public Health Observatory, Saskatoon Health Region and University of Saskatchewan Social Sciences Research Laboratory, 2013.

20. Ibid.

21. Ibid.

22. See footnote 2.


31. Ibid.
33. Will Someone Please Address, 2014.
38. See footnote 3.
40. Ibid.
41. Ibid.
42. Macdonald and Wilson, 2013.
43. Ibid.
44. Lemstra and Neudorf, 2008.
45. Ibid.
46. Ibid.
47. Lemstra, Neudorf, and Oondo, 2006.
49. Lemstra and Neudorf, 2008.
50. Ibid.
51. Ibid.
52. Ibid.
57. Ibid.
60. Statistics Canada, 2011.
61. This result was calculated using the LICO for 2001. By this measure, urban rates were nearer to 15% in the same period.
62. Burns, Bruce and Marlin, nd.
64. Council of Canadians with Disabilities, nd.
65. Ibid.
66. Ibid.
70. OECD, 2012.
72. Ibid.
74. Ibid.
76. c.f. CBC News Saskatchewan, 2014 (September).
77. Statistics Canada, 2013e.
80. Statistics Canada, 2013g.
84. See footnote 16.
86. Statistics Canada, 2013d.
91. Statistics Canada, 2013e.
94. See footnote 2.
95. Laurie, 2008.
96. Ivanova, 2011.
98. MacEwen and Saulnier, 2011.
102. Equivalent estimates for Saskatchewan do not exist. The Mustard et al. (1998) paper has been used in all other studies of this sort in Canada.
103. Canadian Institute for Health Information, 2013.
110. See footnote 3.
112. Average income and taxes paid by income quintile were estimated for Saskatchewan using Statistics Canada’s Survey of Labour and Income Dynamics (SLID) Public-Use Microdata File (PUMF).
113. A working-age adult is an adult between the ages of 18 and 64.
115. Larger families face higher poverty thresholds than smaller families. Differences between the incomes of Saskatchewan’s poor and their respective poverty thresholds were calculated and summed at the level of the family. These calculations were carried out using Statistics Canada’s Survey of Income and Labour Dynamics (SLID) Public Use Microdata File (PUMF). Although we used the MBM to calculate our cost of poverty figures, time limits and issues with data accessibility forced us to use Statistics Canada’s Low-income Measure (LIM) instead. This has the effect of inflating our basic needs figure considerably.
120. This study is based on the after-tax Low Income Cut-Off (LICO) poverty threshold. The AT-LICO was the primary measure chosen by the Government of Newfoundland and Labrador to track their poverty reduction progress (Department of Human Resources, Labour and Employment (Newfoundland and Labrador), 2006). The government’s latest progress report notes that low-income has declined by other measures: according to the MBM, from 17% to 12%; and, according to the LIM, from 20% to 14%.
123. Poverty Free Saskatchewan, 2011.
124. Ibid.
126. Public Health Observatory, Saskatoon Health Region and University of Saskatchewan Social Sciences Research Laboratory, 2013.
127. Ibid.
129. Public Health Observatory, Saskatoon Health Region and University of Saskatchewan Social Sciences Research Laboratory, 2013.
130. Ibid.
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—. 2013a. Table 202-0802 - Persons in Low Income Families, Annual, 1976 to 2011. CANSIM.

—. 2013b. Table 202-0804 - Persons in Low Income, by Economic Family Type, annual, 1976 to 2011. CANSIM.


—. Table 326-0020. Consumer Price Index, by Province (monthly) (Saskatchewan).


Poverty Costs is a campaign to raise awareness about the cost of Poverty in Saskatchewan, recently calculated to be $3.8 billion each year in heightened service use and missed economic opportunities, and to mobilize the Saskatchewan community to call for a comprehensive poverty reduction plan.

www.povertycosts.ca